

Honolulu, Hawaii

FEB 29 2008

RE: S.B. No. 2615
S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred S.B. No. 2615 entitled:

"A BILL FOR AN ACT RELATING TO GRANTS AND SUBSIDIES,"

begs leave to report as follows:

The purpose of this measure is to provide the non-profit community and the public-at-large with a better understanding of, and more confidence in, the Legislature's award of grants and subsidies.

Specifically, this measure:

- (1) Requires more detailed background information from applicants;
- (2) Provides for transparency and public participation in the selection process; and
- (3) Requires increased financial accountability for selected recipients.

Your Committee received testimony in support of this measure from the Department of Budget and Finance. The Domestic Violence Action Center and the P.H.O.C.U.S.E.D. offered comments.

Upon further consideration, your Committee made the following amendments to further improve the grants award process by:



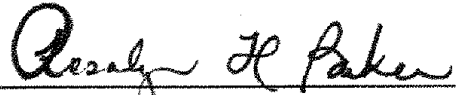
- (1) Specifying that applications for grants must be submitted to the appropriate legislative committees no later than January 31 before the start of each legislative session, or if January 31 falls upon a Saturday, Sunday, or holiday, by the immediately preceding business day;
- (2) Requiring the applicant to demonstrate that the:
 - (A) Grant or subsidy will not be the sole source of funding for the services for which a grant or subsidy is awarded; and
 - (B) Services to be supported by the grant or subsidy are not already being adequately provided and thus are not duplicative;
- (3) Deleting the requirement that the applicant has a certification of good standing for the Department of Commerce and Consumer Affairs;
- (4) Providing that no grant may be awarded unless the applicant has:
 - (A) Satisfied all obligations to the State, including but not limited to making all necessary tax payments, and has completed and submitted all required documentation with respect to the requesting organization's business with any state department or agency; and
 - (B) Operated in the State for at least an unspecified number of years;
- (5) Clarifying that only nonprofit organizations may be awarded grants or subsidies by:
 - (A) Amending the definition of "recipient" in section 42F-101, Hawaii Revised Statutes; and
 - (B) Consolidating, in section 42F-103, Hawaii Revised Statutes, the various requirements relating to the nonprofit applicant in subsections (b) and (c) within subsection (a) and redesignating the remaining subsections;



- (6) Clarifying that public comment on all applications may be accepted to assist the Legislature in the selection process;
- (7) Requiring that a list of applicants, a brief description of the request, and the amount of each grant or subsidy applied for shall be posted on the Legislature's website before first lateral;
- (8) Requiring each expending agency to develop or identify *performance measures for each operating grant or subsidy*; and
- (9) Adding to the items to be included by each recipient in the report to be submitted to the expending agency and the Legislature, an assessment of the extent to which the provision of services funded by the grant or subsidy has met performance standards.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2615, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2615, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



ROSALYN H. BAKER, Chair



